

**REDMOND TOWN
FINANCIAL STATEMENTS
JUNE 30, 2005**

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Redmond Town
Redmond, Utah 84652

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Redmond Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Redmond Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Redmond Town as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2005, on our consideration of Redmond Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 14 and 44 through 46 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and Town Council
Redmond Town

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Redmond Town's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of Redmond Town. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 20, 2005
Richfield, Utah

**REDMOND TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2005**

This discussion of Redmond Town's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, highways and public improvements, culture and recreation.

Financial Highlights

- * The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,974,739 (net assets). Of this amount, \$430,166 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$42,477. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the Town's governmental funds reported ending fund balance of \$364,972, an increase of \$62,742 in comparison with the prior year. Approximately 61 percent of this total amount, \$222,818, is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$148,778, or 110 percent of total general fund expenditures.
- * The Town's total debt decreased by \$31,517 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, highways and public improvements, and recreation and culture. The business-type activities of the Town are water and sewer operations, and sanitation services.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Redmond Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and nonmajor governmental funds; the capital projects and cemetery perpetual care funds.

The Town adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Redmond Town maintains three proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary Funds - continued.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and sanitation. Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Redmond Town's, assets exceeded liabilities by \$1,974,739 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (69 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$430,166 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Redmond Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	371,283	304,148	254,655	231,408	625,938	535,556
Capital Assets	393,341	427,049	1,473,205	1,514,467	1,866,546	1,941,516
Total Assets	764,624	731,197	1,727,860	1,745,875	2,492,484	2,477,072
Long-Term Liabilities	-	-	491,702	519,180	491,702	519,180
Other Liabilities	18,168	16,547	7,875	9,083	26,043	25,630
Total Liabilities	18,168	16,547	499,577	528,263	517,745	544,810
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	385,368	424,433	977,051	990,737	1,362,419	1,415,170
Restricted	142,154	112,454	40,000	30,000	182,154	142,454
Unrestricted	218,934	177,763	211,232	196,875	430,166	374,638
Total Net Assets	746,456	714,650	1,228,283	1,217,612	1,974,739	1,932,262

Governmental Activities

Governmental activities increased Redmond Town's net assets by \$31,806.

Redmond Town Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	27,001	33,847	185,317	170,664	212,318	204,511
Operating Grants	44,586	47,080	-	-	44,586	47,080
Capital Grants	-	-	-	50,000	-	50,000
General Revenues:						
Property Taxes	23,818	22,839	-	-	23,818	22,839
Other Taxes	100,174	76,418	-	-	100,174	76,418
Impact Fees	-	-	5,200	5,200	5,200	5,200
Unrestricted Investment Earnings	6,556	3,134	5,370	3,139	11,926	6,273
Total Revenues	<u>202,135</u>	<u>183,318</u>	<u>195,887</u>	<u>229,003</u>	<u>141,118</u>	<u>110,730</u>
Expenses:						
General Government	100,971	72,832	-	-	100,971	72,832
Highways and Public Improvements	46,605	95,537	-	-	46,605	95,537
Recreation and Culture	22,753	25,551	-	-	22,753	25,551
Water, Sewer & Sanitation	-	-	185,216	198,308	185,216	198,308
Total Expenses	<u>170,329</u>	<u>193,920</u>	<u>185,216</u>	<u>198,308</u>	<u>355,545</u>	<u>392,228</u>
Increase in Net Assets Before Transfers	31,806	(10,602)	10,671	30,695	(214,427)	(281,498)
Transfers	-	8,500	-	(8,500)	-	-
Increase in Net Assets	31,806	(2,102)	10,671	22,195	42,477	20,093
Net Assets - Beginning	<u>714,650</u>	<u>716,752</u>	<u>1,217,612</u>	<u>1,195,417</u>	<u>1,932,262</u>	<u>1,912,169</u>
Net Assets - Ending	<u>746,456</u>	<u>714,650</u>	<u>1,228,283</u>	<u>1,217,612</u>	<u>1,974,739</u>	<u>1,932,262</u>

* The City received operating grants of \$44,586. Of this amount, \$34,327 was received for Class C roads.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities increased the Town's net assets by \$10,671.

- * For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.
- * The depreciation in the enterprise increased by \$420 compared to the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported combined ending fund balances of \$364,972, an increase of \$62,742 in comparison with the prior year. Approximately 61 percent of this amount, \$222,818, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund is *reserved* to indicate that it is not available for new spending because it has already been committed to highways and public improvements for \$91,000, and cemetery perpetual care of \$51,154.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance of \$148,778 represents 110 percent of total general fund expenditures, while total fund balance of \$239,778, represents 178 percent of that same amount.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, sewer and sanitation funds at the end of the year was \$211,232. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget.

Actual revenues were more than budgeted revenues by \$17,254 and actual expenditures were less than budgeted expenditures by \$23,299 resulting in a net increase in fund balance of \$40,553.

Capital Asset and Debt Administration

Capital Assets

Redmond Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$393,341 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, sidewalks and curb and gutter.

Redmond Town's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	22,036	22,036	20,780	20,780	42,816	42,816
Water Shares			20,138	20,138	20,138	20,138
Infrastructure	237,600	267,300	-	-	237,600	267,300
Buildings	84,238	79,763	-	-	84,238	79,763
Improvements Other than Buildings	31,500	34,600	1,432,287	1,473,541	1,463,787	1,508,141
Equipment	17,967	23,350	-	8	17,967	23,358
Total	393,341	427,049	1,473,205	1,514,467	1,866,546	1,941,516

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$491,702. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Redmond Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	-	-	\$491,702	\$519,180	\$491,702	\$519,180

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

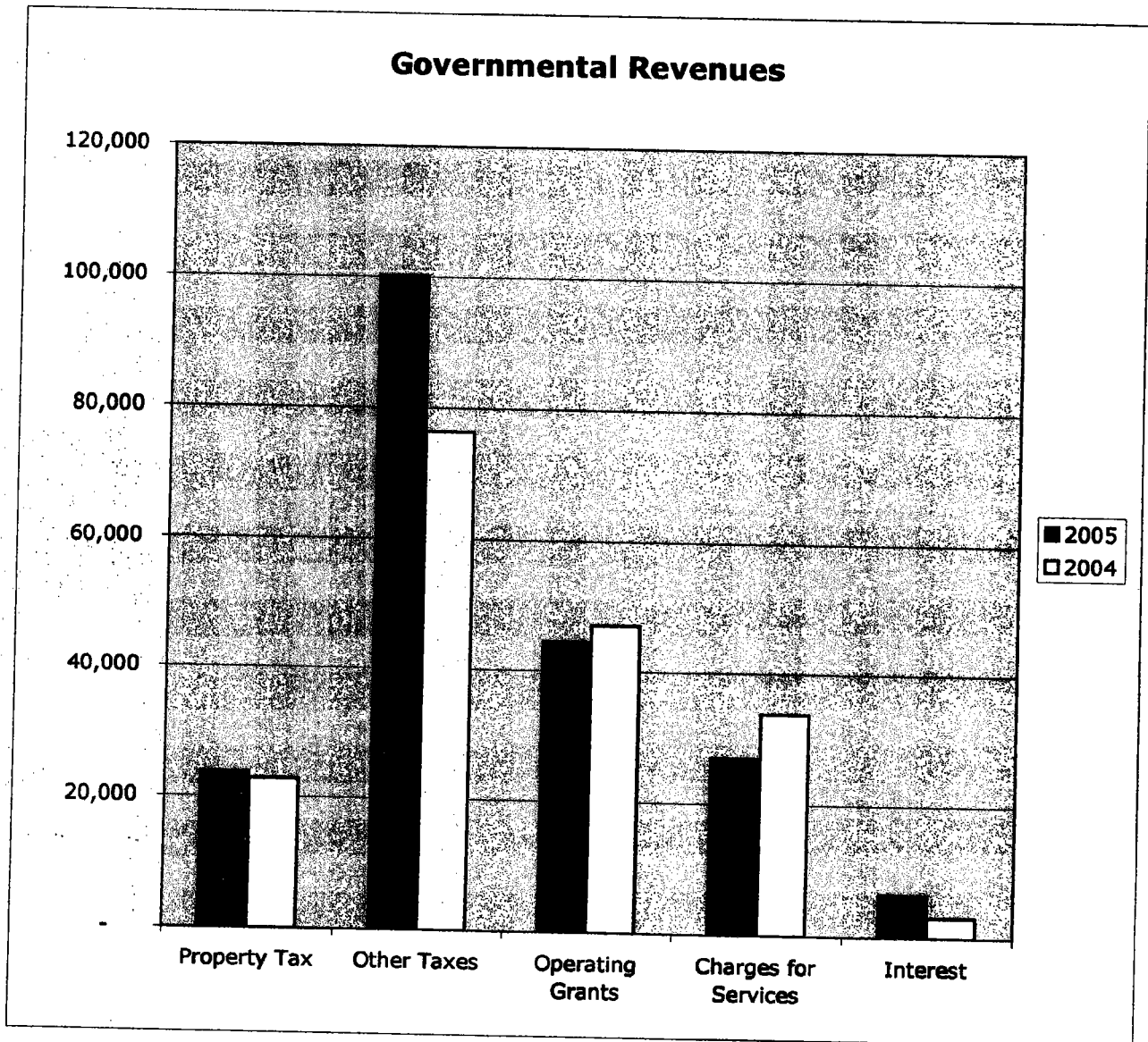
Additional information on Redmond Town's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Redmond Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Redmond Town Clerk, P.O. Box 117, Redmond, Utah, 84652-0117.

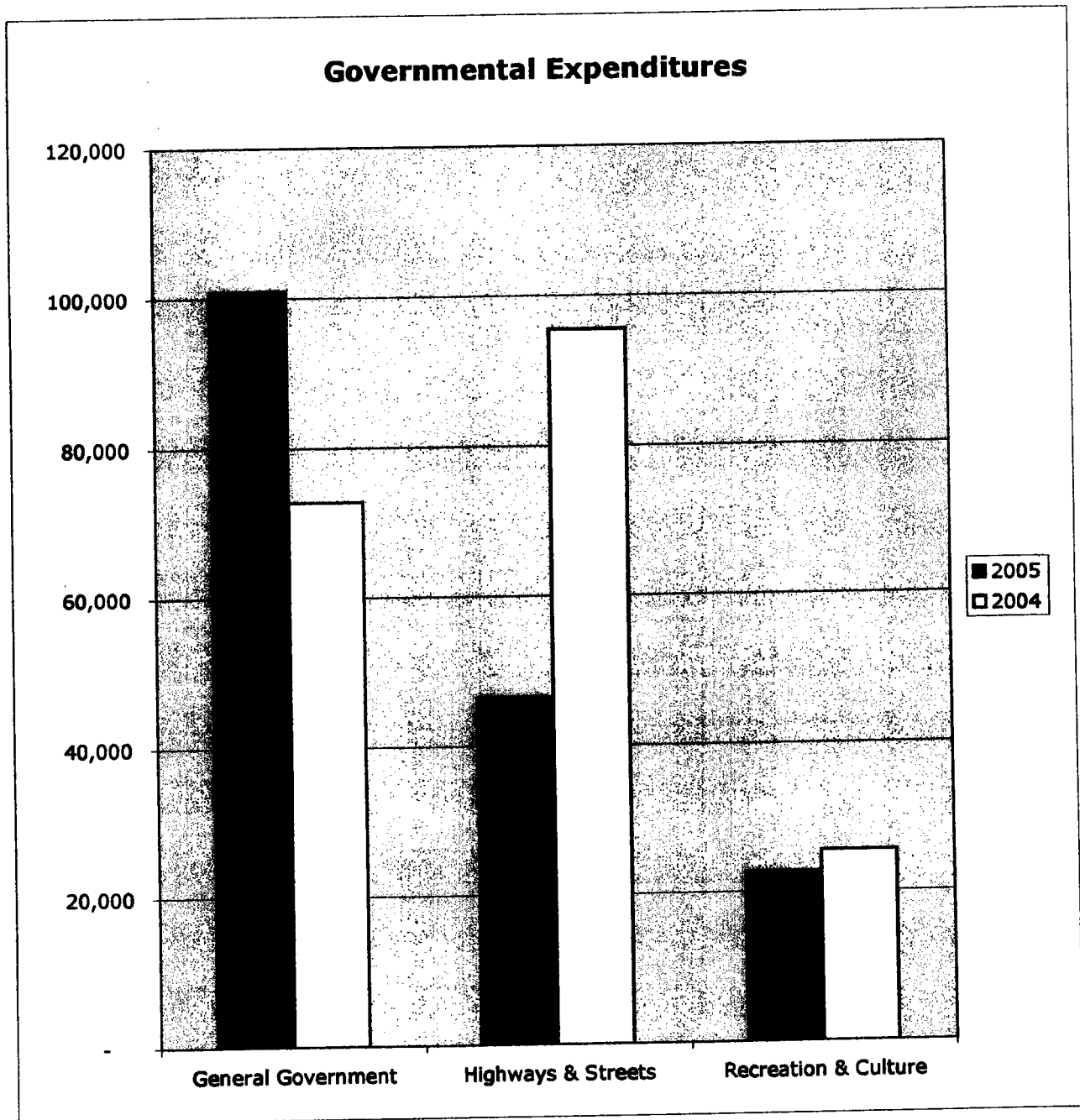
**Redmond Town
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Property Tax	23,818	22,839
Other Taxes	100,174	76,418
Operating Grants	44,586	47,080
Charges for Services	27,001	33,847
Interest	6,556	3,134
Total Revenues	202,135	183,318



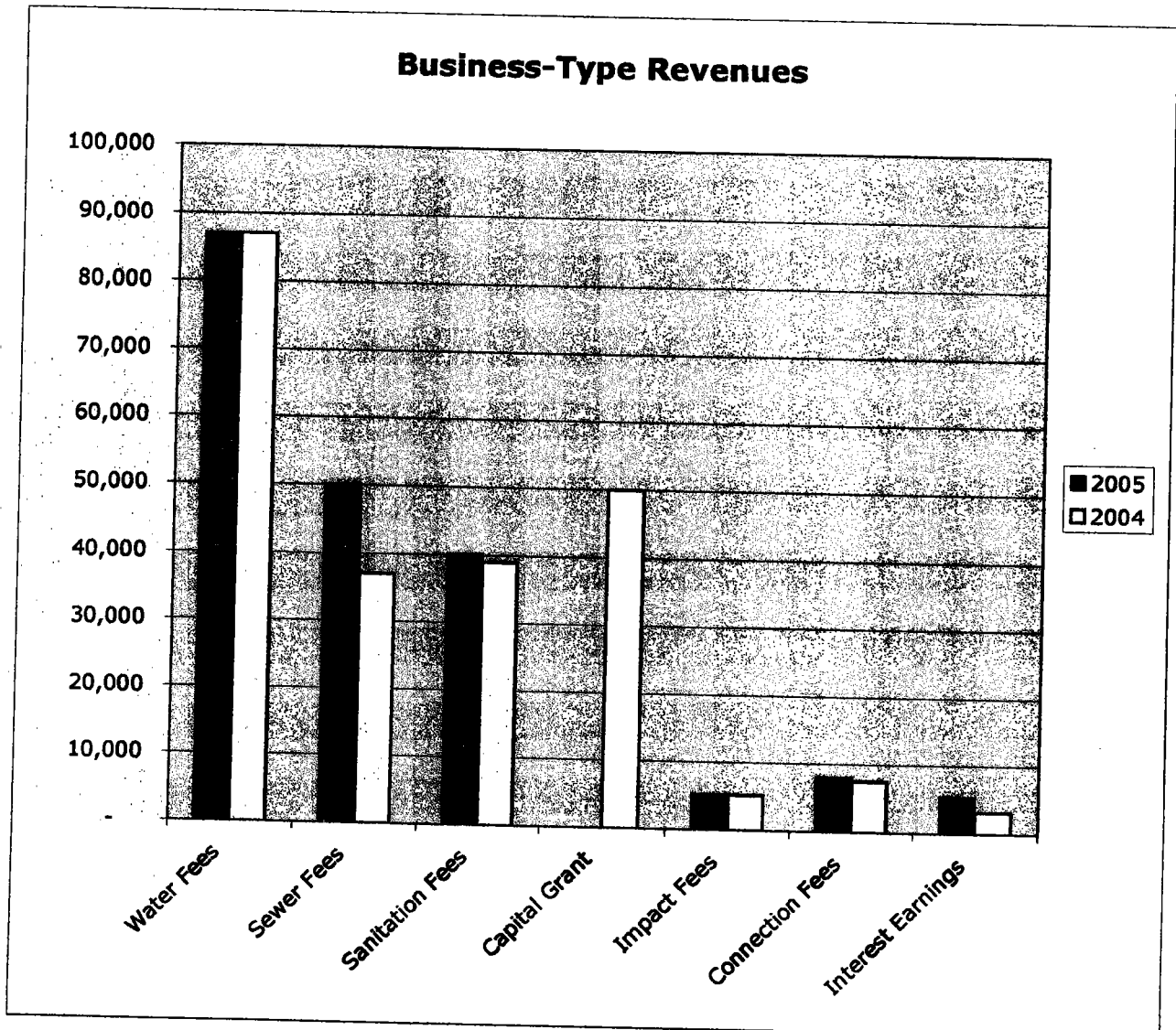
**Redmond Town
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
General Government	100,971	72,832
Highways & Streets	46,605	95,537
Recreation & Culture	22,753	25,551
Total Expenditures	170,329	193,920



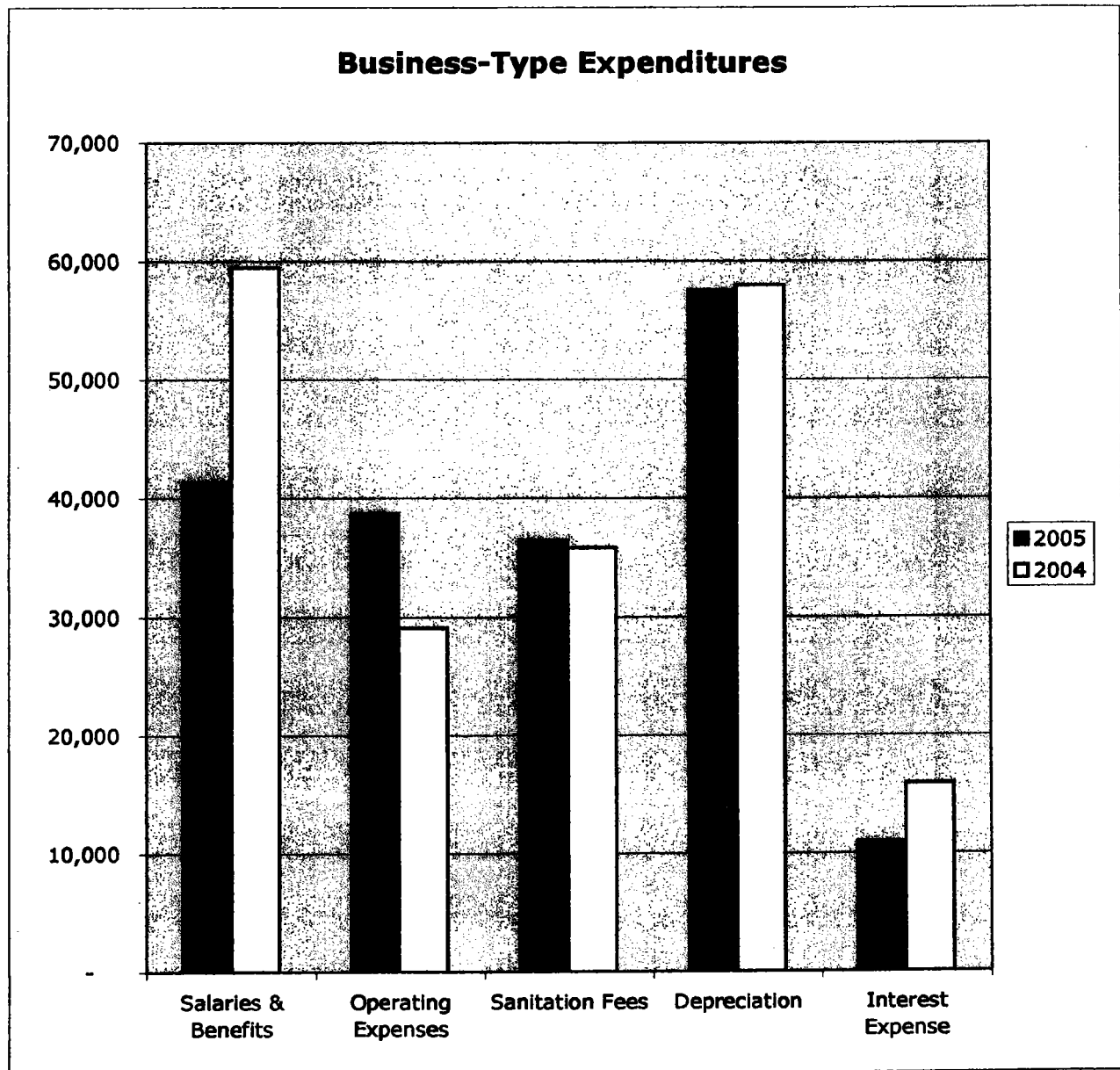
**Redmond Town
Business-Type Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Water Fees	86,981	87,024
Sewer Fees	50,082	37,064
Sanitation Fees	40,154	39,058
Capital Grant		50,000
Impact Fees	5,200	5,200
Connection Fees	8,100	7,518
Interest Earnings	5,370	3,139
Total Revenues	<u>195,887</u>	<u>229,003</u>



**Redmond Town
Business Type Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Salaries & Benefits	41,417	59,481
Operating Expenses	38,774	29,099
Sanitation Fees	36,486	35,859
Depreciation	57,580	58,000
Interest Expense	10,959	15,869
Total Expenditures	185,216	198,308



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is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**REDMOND TOWN
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	364,197	179,075	543,272
Accounts Receivable (Net)	-	35,580	35,580
Due From Other Government Units	7,086	-	7,086
Total Current Assets	371,283	214,655	585,938
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	40,000	40,000
Capital Assets (Net of Accumulated Depreciation):			
Land	22,036	20,780	42,816
Water Shares	-	20,138	20,138
Buildings	84,238	-	84,238
Improvements Other Than Buildings	31,500	1,432,287	1,463,787
Equipment	17,967	-	17,967
Infrastructure	237,600	-	237,600
Total Noncurrent Assets	393,341	1,513,205	1,906,546
TOTAL ASSETS	764,624	1,727,860	2,492,484
LIABILITIES			
Current Liabilities:			
Accounts Payable	6,311	3,425	9,736
Accrued Interest Payable	-	4,450	4,450
Loans Payable - Due Within One Year	4,241	-	4,241
Revenue Bonds Payable - Due Within One Year	-	38,063	38,063
Total Current Liabilities	10,552	45,938	56,490
Noncurrent Liabilities:			
Loans Payable - Due More Than One Year	3,732	-	3,732
Revenue Bonds Payable - Due More Than One Year	-	453,639	453,639
Compensated Absences	3,884	-	3,884
Total Noncurrent Liabilities	7,616	453,639	461,255
TOTAL LIABILITIES	18,168	499,577	517,745
NET ASSETS			
Investment in Capital Assets, Net of Debt	385,368	977,051	1,362,419
Restricted For:			
Bond Retirement	-	40,000	40,000
Class C Road	91,000	-	91,000
Cemetery Perpetual Care	51,154	-	51,154
Unrestricted	218,934	211,232	430,166
TOTAL NET ASSETS	746,456	1,228,283	1,974,739
TOTAL LIABILITIES AND NET ASSETS	764,624	1,727,860	2,492,484

The notes to the financial statements are an integral part of this statement.

**REDMOND TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	100,971	21,595	10,259	(69,117)	-	(69,117)
Highways and Public Improvements	46,605	-	34,327	(12,278)	-	(12,278)
Recreation and Cemetery	22,753	5,406	-	(17,347)	-	(17,347)
Total Governmental Activities	170,329	27,001	44,586	(98,742)	-	(98,742)
Business-Type Activities:						
Water	92,392	90,081	-	-	(2,311)	(2,311)
Sewer	56,338	55,082	-	-	(1,256)	(1,256)
Sanitation	36,486	40,154	-	-	3,668	3,668
Total Business-Type Activities	185,216	185,317	-	-	101	101
Total Primary Government	355,545	212,318	44,586	(98,742)	101	(98,641)
General Revenues:						
Property Taxes				23,818	-	23,818
Fee-In-Lieu of Property Taxes				11,195	-	11,195
Sales Taxes				76,803	-	76,803
Franchise Taxes				12,176	-	12,176
Impact Fees				-	5,200	5,200
Unrestricted Investment Earnings				6,556	5,370	11,926
Total General Revenues				130,548	10,570	141,118
Change in Net Assets				31,806	10,671	42,477
Net Assets - Beginning				714,650	1,217,612	1,932,262
Net Assets - Ending				746,456	1,228,283	1,974,739

The notes to the financial statements are an integral part of this statement.

**REDMOND TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	239,003	125,194	364,197
Due From Other Government Units	<u>7,086</u>	<u>-</u>	<u>7,086</u>
TOTAL ASSETS	<u><u>246,089</u></u>	<u><u>125,194</u></u>	<u><u>371,283</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	<u>6,311</u>	<u>-</u>	<u>6,311</u>
Total Liabilities	<u><u>6,311</u></u>	<u><u>-</u></u>	<u><u>6,311</u></u>
Fund Balances:			
Reserved For:			
Class C Road	91,000	-	91,000
Perpetual Care	-	51,154	51,154
Unreserved, Reported In:			
General Fund	148,778	-	148,778
Capital Projects Fund	<u>-</u>	<u>74,040</u>	<u>74,040</u>
Total Fund Balance	<u><u>239,778</u></u>	<u><u>125,194</u></u>	<u><u>364,972</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>246,089</u></u>	<u><u>125,194</u></u>	<u><u>371,283</u></u>

The notes to the financial statements are an integral part of this statement.

REDMOND TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2005

Total Fund Balances - Governmental Fund Types	364,972
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	22,036	
Buildings	84,238	
Improvements	31,500	
Equipment	17,967	
Infrastructure	<u>237,600</u>	
Total		393,341

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Loans Payable	(7,973)	
Compensated Absences	<u>(3,884)</u>	
Total		<u>(11,857)</u>

Net Assets of Government Activities	<u><u>746,456</u></u>
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REDMOND TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2005

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	123,992	-	123,992
Licenses and Permits	7,851	-	7,851
Intergovernmental Revenue	34,586	-	34,586
Charges for Services	3,705	-	3,705
Interest	6,556	-	6,556
Miscellaneous Revenues	13,745	11,700	25,445
	<u>190,435</u>	<u>11,700</u>	<u>202,135</u>
Total Revenues			
	<u>190,435</u>	<u>11,700</u>	<u>202,135</u>
Expenditures:			
Current:			
General Government	102,743	-	102,743
Highways and Public Improvements	11,772	-	11,772
Recreation and Cemetery	20,367	4,511	24,878
	<u>134,882</u>	<u>4,511</u>	<u>139,393</u>
Total Expenditures			
	<u>134,882</u>	<u>4,511</u>	<u>139,393</u>
Excess Revenues Over (Under) Expenditures	<u>55,553</u>	<u>7,189</u>	<u>62,742</u>
Other Financing Sources (Uses):			
Transfers In (Out)	(15,000)	15,000	-
	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
Total Other Financing			
	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
Net Change In Fund Balance	40,553	22,189	62,742
Fund Balance - Beginning	199,225	103,005	302,230
Fund Balance - Ending	<u>239,778</u>	<u>125,194</u>	<u>364,972</u>

The notes to the financial statements are an integral part of this statement.

REDMOND TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds 62,742

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which depreciation exceeded capital outlays in the current period:

Depreciation Expense	(42,608)	
Capital Outlay	<u>8,900</u>	
		(33,708)
Total		

The issuance of long-term debt (e.g., bonds, leases) provide current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets. This
amount is the net effect of these differences in the treatment of long-term
debt and related items:

4,040

Payment on Long-Term Debt

Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds:

Compensated Absences	<u>(1,268)</u>	
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Changes In Net Assets of Governmental Activities	<u><u>31,806</u></u>	
--	----------------------	--

**REDMOND TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund		
	Water	Sewer	Sanitation
			Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	158,119	10,053	10,903
Accounts Receivable (Net)	17,477	9,936	8,167
Total Current Assets	175,596	19,989	19,070
Noncurrent Assets:			
Investments - Restricted:			
Bond Retirement	40,000	-	-
Capital Assets: (Net of Accum. Depr.)			
Land	-	-	-
Water Stock	20,138	20,780	-
Water Distribution System	667,943	2	-
Sewer and Drainage System	-	583,871	-
Culinary Water System	180,471	-	-
Total Noncurrent Assets	908,552	604,653	-
TOTAL ASSETS	<u>1,084,148</u>	<u>624,642</u>	<u>19,070</u>
			<u>1,727,860</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	39	-	3,386
Bond Interest Payable	4,450	-	-
Bonds Payable - Current Portion	38,063	-	-
Total Current Liabilities	42,552	-	3,386
Noncurrent Liabilities:			
Bonds Payable - Long-Term Portion	453,639	-	-
TOTAL LIABILITIES	<u>496,191</u>	<u>-</u>	<u>3,386</u>
			<u>499,577</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	372,400	604,651	-
Restricted for Bonded Retirement	40,000	-	-
Unrestricted	175,557	19,991	15,684
TOTAL NET ASSETS	<u>587,957</u>	<u>624,642</u>	<u>15,684</u>
			<u>1,228,283</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,084,148</u>	<u>624,642</u>	<u>19,070</u>
			<u>1,727,860</u>

The notes to the financial statements are an integral part of this statement.

REDMOND TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2005

	Business-Type Activity Enterprise Fund			
	Water	Sewer	Sanitation	Totals
Operating Revenues:				
Charges for Sales and Services:				
Charges for Services	86,981	50,082	40,154	177,217
Connection Fees	3,100	5,000	-	8,100
Total Operating Revenues	90,081	55,082	40,154	185,317
Operating Expenses:				
Salaries	23,913	16,829	-	40,742
Fringe Benefits	367	308	-	675
Materials and Supplies	19,547	7,333	-	26,880
Utilities	9,021	2,015	-	11,036
Garbage Collection Fee	-	-	36,486	36,486
Other	753	105	-	858
Depreciation	27,832	29,748	-	57,580
Total Operating Expenses	81,433	56,338	36,486	174,257
Operating Income	8,648	(1,256)	3,668	11,060
Nonoperating Revenues (Expenses):				
Investment Earnings	3,643	1,727	-	5,370
Impact Fees	5,200	-	-	5,200
Interest Expense	(10,959)	-	-	(10,959)
Total Nonoperating Revenues (Expenses)	(2,116)	1,727	-	(389)
Change in Net Assets	6,532	471	3,668	10,671
Total Net Assets - Beginning	581,425	624,171	12,016	1,217,612
Total Net Assets - Ending	587,957	624,642	15,684	1,228,283

The notes to the financial statements are an integral part of this statement.

**REDMOND TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund		
	Water	Sewer	Sanitation
			Totals
Cash Flows From Operating Activities:			
Receipts From Customers	92,265	53,268	40,001
Payments to Suppliers	(30,598)	(10,103)	(36,346)
Payments to Employees	(23,913)	(16,829)	-
			(40,742)
Net Cash Provided by Operating Activities	37,754	26,336	3,655
			67,745
Cash Flows From Capital and Related Financing Activities:			
Impact Fee Collections	5,200	-	-
Capital Grant	-	(16,314)	-
Principal Paid on Capital Debt	(27,478)	-	-
Interest Paid on Capital Debt	(11,059)	-	-
			(11,059)
Net Cash Provided (Used) by Capital and Related Financing Activities	(33,337)	(16,314)	-
			(49,651)
Cash Flows from Investing Activities:			
Interest Received	3,643	1,727	-
			5,370
Net Increase (Decrease) in Cash and Cash Equivalents	8,060	11,749	3,655
			23,464
Cash and Cash Equivalents - Beginning	190,059	(1,696)	7,248
			195,611
Cash and Cash Equivalents - Ending	198,119	10,053	10,903
			219,075
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:			
Operating Income	8,648	(1,256)	3,668
			11,060
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:			
Depreciation	27,832	29,748	-
			57,580
Increase (Decrease) in Operating Assets:			
Accounts Receivable	2,184	(1,814)	(153)
Accounts Payable	(910)	(142)	140
			(912)
Total Adjustments	29,106	27,792	(13)
			56,885
Net Cash Provided (Used) by Operating Activities	37,754	26,536	3,655
			67,945

The notes to the financial statements are an integral part of this statement.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Redmond Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity

Redmond Town is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Redmond Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Redmond Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government also reports the following Other Governmental Funds:

Capital Projects Fund accounts for revenue sources that are restricted to expenditures for specific purposes.

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the City water, sewer and sanitation operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and sanitation funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	30 Years
Equipment	5 Years
Water and Sewer Systems	40 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES

F. Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing (no time period given for towns) in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the Town Board in the month of May, the Mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is held on the adoption of the budget.
3. After the public hearing, the Town Board makes final adjustments to the tentative budget.
4. On or before June 22, the Town Board adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The Town Board may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the Town Council.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the Town Board.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES

The Fiscal Procedures Act for Utah Towns require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overextended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

G. Property Tax Calendar:

- | | |
|-------------|--|
| January 1 | Lien Date - All property appraised based upon situs and status as of this date (real and personal). |
| March 1 | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice. |
| June 22 | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor. |
| July 22 | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| September 1 | State Tax Commission approves tax rates. |
| November 1 | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit. |
| November 1 | County auditor to charge the county treasurer to account for all taxes levied. |
| November 1 | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings. |
| November 30 | Taxes on real property become delinquent. |

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	57,733
Investment - PTIF	<u>525,539</u>
Total Cash and Investments	<u><u>583,272</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	364,197
Business-Type Activities - Unrestricted	179,075
Business-Type Activities - Restricted	<u>40,000</u>
Total Cash and Cash Equivalents	<u><u>583,272</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risk:

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - WATER SHARES

The Utility Fund has water shares which are shown on the balance sheet at a cost of \$20,138. The current value of the water shares is in excess of the cost.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	15,700	-	-	15,700
Land Related to Infrastructure	<u>6,336</u>	<u>-</u>	<u>-</u>	<u>6,336</u>
Total Capital Assets Not Being Depreciated	<u>22,036</u>	<u>-</u>	<u>-</u>	<u>22,036</u>
Capital Assets Being Depreciated:				
Buildings	143,000	8,900	-	151,900
Improvements Other Than Bldgs	62,000	-	-	62,000
Machinery and Equipment	65,500	-	-	65,500
Infrastructure	<u>646,800</u>	<u>-</u>	<u>-</u>	<u>646,800</u>
Total Capital Assets Being Depreciated	<u>917,300</u>	<u>8,900</u>	<u>-</u>	<u>926,200</u>
Less Accumulated Depreciation For:				
Buildings	63,237	4,425	-	67,662
Improvements Other Than Bldgs	27,400	3,100	-	30,500
Machinery and Equipment	42,150	5,383	-	47,533
Infrastructure	<u>379,500</u>	<u>29,700</u>	<u>-</u>	<u>409,200</u>
Total Accumulated Depreciation	<u>512,287</u>	<u>42,608</u>	<u>-</u>	<u>554,895</u>
Total Capital Assets Being Depreciated (Net)	<u>405,013</u>	<u>(33,708)</u>	<u>-</u>	<u>371,305</u>
Governmental Activities Capital Assets, Net	<u>427,049</u>	<u>(33,708)</u>	<u>-</u>	<u>393,341</u>

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	20,780	-	-	20,780
Water Stock	<u>20,138</u>	<u>-</u>	<u>-</u>	<u>20,138</u>
Total Capital Assets Not Being Depreciated	<u>40,918</u>	<u>-</u>	<u>-</u>	<u>40,918</u>
Capital Assets Being Depreciated:				
Equipment	9,440	-	-	9,440
Utility Systems	<u>2,325,680</u>	<u>16,314</u>	<u>-</u>	<u>2,341,994</u>
Total Capital Assets Being Depreciated	<u>2,335,120</u>	<u>16,314</u>	<u>-</u>	<u>2,351,434</u>
Less Accumulated Depreciation For:				
Equipment	9,432	864	-	10,296
Utility Systems	<u>851,715</u>	<u>57,136</u>	<u>-</u>	<u>908,851</u>
Total Accumulated Depreciation	<u>861,147</u>	<u>58,000</u>	<u>-</u>	<u>919,147</u>
Total Capital Assets Being Depreciated (Net)	<u>1,473,973</u>	<u>(41,686)</u>	<u>-</u>	<u>1,432,287</u>
Business Type Activities Capital Assets, Net	<u>1,514,891</u>	<u>(41,686)</u>	<u>-</u>	<u>1,473,205</u>
Total Capital Assets	<u><u>1,941,940</u></u>	<u><u>(75,394)</u></u>	<u><u>-</u></u>	<u><u>1,866,546</u></u>

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	1,000	-	1,000
Public Health	-	58,000	58,000
Highways and Public Improvements	34,833	-	34,833
Parks and Recreation	<u>6,775</u>	<u>-</u>	<u>6,775</u>
Total Depreciation Expense	<u><u>42,608</u></u>	<u><u>58,000</u></u>	<u><u>100,608</u></u>

NOTE 5 - LONG-TERM DEBT

Utility Long-Term Debt

Parity Water Revenue Bond, Series 1987:

On October 7, 1987 Redmond Town obtained a \$240,500 Parity Water Revenue Bond from Utah Safe Drinking Water Committee for the purpose of constructing a 150,000 gallon culinary water storage reservoir, drilling and developing a new well, upgrading, modernizing and extending the culinary water system of Redmond, together with all related work and improvements, the acquisition of necessary land and easements and in all other respects to pay the cost of the foregoing including engineering and expenses and costs of issuance of the bonds.

The bond shall be a single, fully registered bond leaving interest at the rate of two (2%) percent per annum and payable in 20 annual installments commencing on January 1, 1989 in the amount of \$15,758.

The following is a summary of debt service charges to maturity for the Parity Water Revenue Bond:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1, 2006	15,063	695	15,758
January 1, 2007	15,364	394	15,758
January 1, 2008	<u>4,108</u>	<u>87</u>	<u>4,195</u>
Total	<u><u>34,535</u></u>	<u><u>1,176</u></u>	<u><u>35,711</u></u>

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Parity Water Revenue Bond, Series 1998:

During 1998, the Town obtained a \$643,000 Parity Water Revenue Bond from the Utah Board of Water Resources for the purpose of improving its culinary water system by drilling and equipping a well, constructing a 500,000 gallon storage tank, installing about two and one-half miles of transmission and distribution pipeline, and adding service connections and fire hydrants. The bond is a fully registered bond bearing interest at the rate of 2% per annum and payable in 20 annual installments commencing on January 1, 2000.

The following is a summary of debt service charges to maturity for the revenue bond:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005/2006	23,000	8,840	31,840
2006/2007	24,000	8,380	32,380
2007/2008	25,000	7,900	32,900
2008/2009	26,000	7,400	33,400
2009/2010	41,000	6,880	47,880
2011/2015	227,000	21,480	248,480
2016/2020	<u>76,167</u>	<u>2,040</u>	<u>78,207</u>
Total	<u>442,167</u>	<u>62,920</u>	<u>505,087</u>
Total Parity Bonds	<u><u>476,702</u></u>	<u><u>64,096</u></u>	<u><u>540,798</u></u>

Subordinated Water Revenue Bond, 1988:

On August 22, 1988, the Utah Save Drinking Water Committee loaned Redmond Town an additional \$15,000 to complete the culinary water system. The proceeds were delivered to Zions First National Bank Escrow Account. The \$15,000 is due January 1, 2009.

	<u>Principal</u>
January 1, 2009	<u><u>15,000</u></u>

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in long-term debt:

Bond Issue:	Date of Issue	Interest Rate	Total Issued	Outstanding June 30, 2004	Current Year Changes		Outstanding June 30, 2005
					Issued	Matured	
Parity Water Revenue Bonds Series 1987	1987	2%	240,500	49,013	-	14,478	34,535
Parity Water Revenue Bonds Series 1998	1998	2%	643,000	455,167	-	13,000	442,167
Subordinated Water Revenue Bonds	1988	2%	15,000	15,000	-	-	15,000
Total			898,500	519,180	-	27,478	491,702

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of total Utility Long-Term Debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005/2006	38,063	9,535	47,598
2006/2007	39,364	8,774	48,138
2007/2008	29,108	7,987	37,095
2008/2009	26,000	7,400	33,400
2009/2010	56,000	6,880	62,880
2011/2015	227,000	21,480	248,480
2016/2020	<u>76,167</u>	<u>2,040</u>	<u>78,207</u>
Total	<u>491,702</u>	<u>64,096</u>	<u>555,798</u>

Governmental Long-Term Debt

Loans Payable:

During the 2002/2003 fiscal year the Town borrowed \$20,500 from Utah Independent Bank for the purchase of a 2002 GMC Truck. The terms of the loan call for yearly payments of \$4,640 including interest at 5%. The principal payments are due February 20th of each year. The balance at June 30, 2005, was \$7,974.

The following is a summary of total debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005/2006	4,241	399	4,640
2006/2007	<u>3,733</u>	<u>187</u>	<u>3,920</u>
Total	<u>7,974</u>	<u>586</u>	<u>8,560</u>

The following is a statement of changes in notes payable in Governmental Long-Term Debt:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Utah Independent Bank	<u>12,012</u>	<u>-</u>	<u>4,039</u>	<u>7,973</u>

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Compensated Absences:

Compensated absences of Redmond Town in General Long-Term Debt account group represents accrued vacation at June 30, 2005, in the amount of \$3,884. The following is a statement of changes in compensated absences:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Compensated Absences	<u>2,616</u>	<u>1,268</u>	<u>-</u>	<u>3,884</u>

NOTE 6 - IMPACT FEES - WATER

Effective September 1, 1997, the Town adopted an impact fee ordinance for Water as follows:

Except as provided in the ordinance and any amendment to the ordinance the Town shall impose impact fees as a condition of approval of all new development projects. No tentative or final subdivision map, parcel map, grading permit, building permit, final inspection, or certificate of occupancy, or other development permit, may be approved unless the impact fee has been imposed.

Until and unless modified by a subsequent resolution by the Town council, an impact fee of \$1,300 shall be imposed with respect to any new development to be connected to the System.

The Town is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the system, or other expenditures as allowed by law.

These funds must be expended within six years from receipt or the funds must be returned with interest to the payer.

At June 30, 2005, impact fees of \$32,500 had been collected and interest earned was \$2,402. Expenditures during the year were \$5,362. Balance at year end was \$0.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 7 - CLASS "C" ROADS

The following is a schedule of receipts and disbursements in Class "C" Roads:

Fund Balance - Beginning of Year	<u>63,000</u>
Receipts:	
State of Utah	34,327
Interest	<u>3,691</u>
Total Receipts	<u>38,018</u>
Disbursements:	
Construction and Maintenance	<u>(10,018)</u>
Fund Balance - End of Year	<u><u>91,000</u></u>

NOTE 8 - PERPETUAL CARE FUND

The following is a schedule of receipts and disbursements in the Cemetery Perpetual Care Fund:

Fund Balance - Beginning of Year	49,454
Receipts	1,700
Disbursements	<u>-</u>
Fund Balance - End of Year	<u><u>51,154</u></u>

NOTE 9 - TRANSFERS

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	15,000
Capital Projects	<u>15,000</u>	<u>-</u>
	<u><u>15,000</u></u>	<u><u>15,000</u></u>

Transfers were made for the following purposes:

- * The General Fund transferred \$15,000 to the Capital Projects Fund for future capital outlays.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 10 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in the Utah Local Governments Trust. The insurance coverages are written on a group purchase arrangement. All of the insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

Liability:

The Town is insured for \$2,000,000 combined single limit with no deductible per occurrence for Comprehensive General Liability. Bodily injury, personal injury, property damage, public officials errors and omissions coverage, \$2,000,000 aggregate each policy period with no deductible.

Automobile Liability:

The Town is insured for automobile bodily injury for \$2,000,000 combined single limit per accident with no deductible each accident. Property damage \$2,000,000 aggregate each policy period. The coverage also covers uninsured motorist \$50,000 each accident and \$50,000 each policy period.

Property:

All of the property coverage is brokered and written through the Utah Local Government Trust. Buildings and equipment are covered based on replacement costs subject to a \$1,000 deductible.

Workers Compensation:

This coverage is provided through the Utah Local Government Trust.

The Town has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years.

NOTE 11 - STATE RETIREMENT PLANS

Local Governmental - Cost Sharing:

Plan Description:

Redmond Town contributes to the Local Governmental Noncontributory Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

REDMOND TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 11 - STATE RETIREMENT PLANS (CONTINUED)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Redmond Town is required to contribute a percent of covered salary to the following system; 11.09% to the Noncontributory System. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Redmond Town contributions to the various systems for the years ending June 30, 2005, 2004 and 2003 respectively were; for the Noncontributory System, \$5,384.19, \$4,904.23 and \$4,494.24. The contributions were equal to the required contributions for each year.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**REDMOND TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>199,225</u>	<u>199,225</u>	<u>199,225</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	22,000	22,000	21,336	(664)
Prior Years Taxes	1,000	1,000	2,482	1,482
Fee-In-Lieu	9,000	9,000	11,195	2,195
General Sales and Use Taxes	66,000	66,000	76,803	10,803
Franchise Taxes	<u>4,500</u>	<u>4,500</u>	<u>12,176</u>	<u>7,676</u>
Total Taxes	<u>102,500</u>	<u>102,500</u>	<u>123,992</u>	<u>21,492</u>
Licenses and Permits:				
Business Licenses	2,500	1,700	708	(992)
Animal Licenses	2,000	1,500	1,434	(66)
Building Permits	<u>4,500</u>	<u>5,800</u>	<u>5,709</u>	<u>(91)</u>
Total Licenses and Permits	<u>9,000</u>	<u>9,000</u>	<u>7,851</u>	<u>(1,149)</u>
Intergovernmental Revenue:				
Class C Road	25,000	21,000	34,327	13,327
State Liquor Allotment	<u>500</u>	<u>500</u>	<u>259</u>	<u>(241)</u>
Total Intergovernmental Revenue	<u>25,500</u>	<u>21,500</u>	<u>34,586</u>	<u>13,086</u>
Charges for Services:				
Cemetery	4,140	2,840	3,705	865
Fines and Forfeitures	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
Total Charges for Services	<u>4,440</u>	<u>3,140</u>	<u>3,705</u>	<u>565</u>
Miscellaneous Revenue:				
Interest	540	5,840	6,556	716
Rents and Concessions	9,200	1,200	1,745	545
Activities	-	8,000	7,000	(1,000)
Miscellaneous	2,000	2,000	4,999	2,999
Use of Fund Balance	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total Miscellaneous Revenue	<u>31,740</u>	<u>37,040</u>	<u>20,300</u>	<u>(16,740)</u>
Amounts Available for Appropriation	<u>372,405</u>	<u>372,405</u>	<u>389,659</u>	<u>17,254</u>

**REDMOND TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
General Government:				
Salaries and Benefits	-	53,218	52,615	603
Administration	76,368	28,350	26,940	1,410
Utilities	6,000	10,100	10,040	60
Professional	12,000	10,600	8,900	1,700
Other	2,800	4,400	4,248	152
Total General Government	<u>97,168</u>	<u>106,668</u>	<u>102,743</u>	<u>3,925</u>
Highway and Public Improvements:				
Class C Roads	32,106	27,106	10,018	17,088
Repairs and Maintenance	-	2,000	1,754	246
Total Highways and Public Improvements	<u>32,106</u>	<u>29,106</u>	<u>11,772</u>	<u>17,334</u>
Culture and Recreation:				
Parks	3,000	2,000	1,670	330
Recreation	17,000	17,500	16,393	1,107
Cemetery	8,906	2,906	2,303	603
Total Culture and Recreation	<u>28,906</u>	<u>22,406</u>	<u>20,366</u>	<u>2,040</u>
Nondepartmental:				
Transfer to Capital Projects Fund	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	-
Total Charges to Appropriations	<u>173,180</u>	<u>173,180</u>	<u>149,881</u>	<u>23,299</u>
Budgetary Fund Balance - June 30, 2005	<u>199,225</u>	<u>199,225</u>	<u>239,778</u>	<u>40,553</u>

**REDMOND TOWN
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	389,660
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(199,225)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>190,435</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	149,882
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(15,000)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>134,882</u></u>

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

**REDMOND TOWN
NONMAJOR GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

CAPITAL PROJECTS FUND

Capital Projects Fund:

Capital Projects Funds are used to account for monies received for construction or acquisition of capital assets.

PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Perpetual Care Fund:

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**REDMOND TOWN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2005

	Capital Projects Fund	Permanent Fund Perpetual Care	Total Nonmajor Government Funds
ASSETS			
Investments - Unrestricted	<u>74,040</u>	<u>51,154</u>	<u>125,194</u>
TOTAL ASSETS	<u><u>74,040</u></u>	<u><u>51,154</u></u>	<u><u>125,194</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved for:			
Cemetery Perpetual Care	-	51,154	51,154
Unreserved, Reported in:			
Capital Projects Fund	<u>74,040</u>	<u>-</u>	<u>74,040</u>
Total Fund Balances	<u>74,040</u>	<u>51,154</u>	<u>125,194</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>74,040</u></u>	<u><u>51,154</u></u>	<u><u>125,194</u></u>

REDMOND TOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended June 30, 2005

	Capital Projects Fund	Permanent Fund Perpetual Care	Total Nonmajor Government Funds
Revenues:			
Miscellaneous	<u>10,000</u>	<u>1,700</u>	<u>11,700</u>
Expenditures	<u>4,511</u>	<u>-</u>	<u>4,511</u>
Excess of Revenues Over (Under) Expenditures	5,489	1,700	7,189
Other Financing Sources (Uses):			
Transfer From General Fund	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net Change in Fund Balance	20,489	1,700	22,189
Fund Balances - Beginning	<u>53,551</u>	<u>49,454</u>	<u>103,005</u>
Fund Balances - Ending	<u><u>74,040</u></u>	<u><u>51,154</u></u>	<u><u>125,194</u></u>

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Town Board
Redmond Town
Redmond, Utah 84652

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Redmond Town as and for the year ended June 30, 2005, which collectively comprise Redmond Town's basic financial statements and have issued our report thereon dated October 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Redmond Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

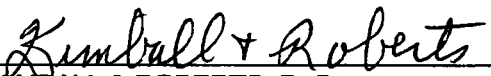
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redmond Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Redmond Town in a separate letter dated October 20, 2005.

Honorable Mayor and Town Board
Redmond Town
Page -2-

This report is intended solely for the information and use of the audit committee, management, Town Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 20, 2005
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and Town Council
Redmond Town
Redmond, Utah 84652

We have audited the financial statements of Redmond Town, for the fiscal year ended June 30, 2005, and have issued our report thereon dated October 20, 2005. As part of our audit, we have audited Redmond Town's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2005. The Town received the following major State assistance programs from the State of Utah:

Class "C" Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the Town's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements

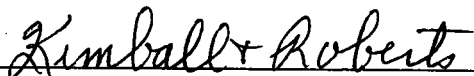
The management of Redmond Town is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Honorable Mayor and Town Council
Redmond Town
Page -2-

The results of our audit disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Redmond Town, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the fiscal year ended June 30, 2005.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 20, 2005
Richfield, Utah

**REDMOND TOWN
MANAGEMENT LETTER
JUNE 30, 2005**

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

FINDINGS AND RECOMMENDATIONS

Honorable Mayor and Town Council
Redmond Town
Redmond, Utah 84652

During our audit of the funds of Redmond Town for the fiscal year ended June 30, 2005, we noted a certain area needing corrective action in order for the Town to be in compliance with state laws and regulations. This item is discussed below for your consideration.

COMPLIANCE:

Fund Balance

The maximum fund balance in the General Fund may not exceed 75% of the total estimated revenue of the General Fund.

Finding:

During our audit of noted that the unreserved fund balance in the General Fund at year-end exceeds the allowable percentage by \$8,941.

Recommendation:


We recommend that the Town Council reduce the unreserved fund balance by budgeting the excess into next year's expenditures or budgeting a transfer of excess funds to the Capital Projects Fund for planned capital projects.

Response:

We have reviewed the above finding with management and management agrees with the recommendation.

We would like to take this opportunity to thank Redmond Town's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 20, 2005
Richfield, Utah